

No. 15495

IN THE

# United States Court of Appeals

FOR THE NINTH CIRCUIT

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SLEEPER LOUNGE COMPANY, a co-partnership consisting  
of CHARLES KUNZELMAN and JAMES A. ANDERSON,  
CHARLES KUNZELMAN and JAMES A. ANDERSON,  
*Appellants,*

*vs.*

BELL MANUFACTURING COMPANY, a corporation,  
*Appellee.*

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## APPELLANTS' BRIEF.

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*Appellee.*

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## APPELLANTS' BRIEF.

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### I.

#### STATEMENT OF JURISDICTION.

This appeal is from the judgment of the District Court holding plaintiff's trademark "WONDER CHAIR" valid and infringed. Defendants have appealed .

The action was tried before the District Court upon the issues formed by the complaint [R3] and Answer [R8].

The jurisdiction of the District Court is based upon the Trademark Act of July 5, 1946, 60 Stat. 427, 15 USC, Chapter 22. This Court has jurisdiction of the appeal and the appeal was timely, 28 USC 1291.

The District Court at the conclusion of the trial, briefing and oral argument rendered its decision and accordingly Findings of Fact, Conclusions of Law and Judg-

ment [R15] were prepared and same were filed, docketed and entered December 10, 1956. A notice of Appeal [R20] was served and filed January 9, 1957.

## II.

### STATEMENT OF THE CASE.

This action was commenced by plaintiff filing its Complaint against defendants alleging infringement of plaintiff's registered trademark, Registration No. 377,752 by use of the words *WONDER BED*.

Defendants in their Answer put in issue the validity of plaintiff's trademark, the scope of protection if any to which it was entitled and the question of infringement of plaintiff's trademark. More particularly defendants asserted that the registered trademark *WONDER CHAIR* is so descriptive as to be incapable of trademark significance, that if any rights were acquired by plaintiff in the trademark *WONDER CHAIR* they must be limited to the specific mark utilized upon the specific goods upon which it had been applied. Further defendants have contended that they do not infringe, that they had utilized the phrase *WONDER BED* to describe its products and not as a trademark or designation of origin. Defendants have continually asserted that the trademark under which they do business and sell their products is *SLEEPER LOUNGE*.

At the trial of this cause there was no evidence of the existence of confusion in the trade submitted to the Court, there was no evidence of any injury or damage of any type submitted to the Court. The case was submitted upon the theory that the marks of the parties were so sufficiently similar that the trial Court could infer that a likelihood of confusion existed.

In this background the Court entered a Judgment holding plaintiff's trademark valid and infringed and awarding



\$1,000.00 for damages and \$500.00 as attorneys' fees to plaintiff. The monetary awards in the Judgment find no support in the record or in the Findings of Fact or Conclusions of Law. They were made where the record was completely absent not only of any evidence but any attempt to establish the existence of a basis therefor and without any opportunity for counsel to be heard with respect thereto. In plain English these numbers were pulled out of the air without any relation whatsoever to the record.

### III.

#### SPECIFICATIONS OF ERROR.

(1) The District Court erred in holding that [Findings of Fact 11]:

“Defendants, and each of them, have, in interstate commerce, and without the consent of Plaintiff, used reproductions, counterfeits, copies, and colorable imitations of Plaintiff's Trade-mark, Registration No. 377,752, in connection with the sale, offering for sale, and advertising of goods in connection with which such use is likely to cause confusion or mistake or to deceive purchasers as to the source of origin of such goods. In this regard, the Defendants adopted and used the trade-mark—‘WONDER BED’ for a lounge or contour bed, which is adjustable for use as a bed, a lounge, and a reclining chair, and employed the trade-mark ‘Wonder Bed’ in the sale, offering for sale and advertising of their lounge or contour bed in commerce among the several states. More particularly, the Defendants identified their contour bed or lounge as the ‘Wonder Bed’ in radio commercials, brochures, on truckside advertising, on billboards, and in at least fifteen different publications, including the Los Angeles Times, Home Magazine Section, as further identified in Plaintiff's

Exhibits 16, 17 and 18. Certain of the publications, including the Los Angeles Times, have wide circulation in a number of states throughout the United States. Further, in connection with the sale of Defendants' contour bed or lounge, Defendants caused a label to be affixed to the goods on which the goods are identified as the 'Wonder Bed.'"

(2) The District Court erred in holding that [Findings of Fact 12]:

"The said lounges or contour beds thus sold and distributed by the Defendants are embraced within the product line of goods specified in Plaintiff's Trade-mark Certificate and have substantially the same descriptive properties as Plaintiff's reclining chair and/or convertible chair beds, and belong to the same Patent Office classification, namely, Class 32 (Furniture and Upholstery)."

(3) The District Court erred in concluding that [Conclusions of law 1]:

"Plaintiff's trade-mark 'Wonder Chair' as shown on Registration Certificate No. 377,752 is valid and subsisting, uncancelled and unrevoked, and plaintiff is the owner thereof."

(4) The District Court erred in concluding that [Conclusions of Law 2]:

"Defendants have infringed Plaintiff's valid trade-mark 'Wonder Chair' as shown on Registration Certificate No. 377,752."

(5) The judgment of the District Court errs in adjudging that [Paragraph 1 of the Judgment]:

"That a permanent injunction be granted against the Defendants from further infringement of the valid trademark, 'Wonder Chair' owned by Plaintiff."

(6) The Judgment of the District Court errs in adjudging that [Paragraph 2 of the Judgment]:

“That judgment be allowed the Plaintiff in the sum of one thousand dollars (\$1,000.00) for damages.”

(7) The Judgment of the District Court errs in failing to make any findings of fact whatsoever in support of of the allowance of one thousand dollars (\$1,000.00) damages.

(8) The Judgment of the District Court errs in that the record is void of any evidence or any attempt to prove damages. Consequently, the award of one thousand dollars (\$1,000.00) damages is without any support in the record.

(9) The Judgment of the District Court errs in adjudging [Paragraph 3 of the Judgment]:

“That the Defendants be ordered to pay attorney’s fees to the Plaintiff in the sum of five hundred dollars (\$500.00).”

(10) The Judgment of the District Court errs in failing to recognize that attorney’s fees *per se* are not allowable in trade-mark litigation. Consequently, the award of five hundred dollars (\$500.00) attorney’s fees is erroneous.

(11) The Judgment of the District Court errs in failing to make any findings of fact whatsoever which will support the award of attorney’s fees as part of punitive damages.

(12) The Judgment of the District Court errs in failing to make any findings of fact or conclusions of law which would support the award of five hundred dollars (\$500.00) as attorney’s fees.

IV.  
ARGUMENT.

A. Validity of Bell's Trademark.

Plaintiff has been issued Trademark Registration No. 377,752 for the trademark "WONDER CHAIR" for reclining chairs and convertible chair beds. It is the position of defendants that the word "WONDER" is descriptive of the products sold and as such is incapable of any trademark significance in the absence of establishing a secondary meaning therefor. Wonder is defined in Webster's New Collegiate Dictionary as follows:

"1. A cause of surprise or astonishment; a marvel; prodigy. 2. A miracle. 3. The emotion excited by novelty, or by something strange or not well understood; astonishment, etc."

Surely no one can exclusively appropriate the exclusive right to call a chair a chair. No one can exclusively appropriate the right to call a green chair a green chair. It is felt that the same conclusion is applicable to "Wonder Chair." As stated in Callmann Unfair Competition and Trade-Marks, 2nd Edition, page 1053:

"§70.1. The Rule of Law.

It is axiomatic that a word or phrase which is primarily descriptive of the qualities, ingredients or characteristics of the article to which it is attached or to which it has reference can not be claimed as an exclusive trade-mark. Similarly descriptive language can properly attach or refer to similar articles on the market. Therefore, the use of a similar name by another in an honest description of his product does not constitute a legal or moral wrong, even though there is some likelihood that the purchasing public might be confused as to the origin of the product."

The trial court erred in failing to apply this established principle of Trade-Mark law. It is submitted that the word 'Wonder' is in the same category as Imperial, Standard and Royal, all of which have been held invalid in the absence of proof of secondary meaning. See *Beadleston & Woers v. Cooke Brewing Co.* (7th Cir., 1896), 74 Fed. 229, wherein Imperial was held incapable of adoption as a trademark for beer; *Computing Scale Co. v. Standard Computing Scale Co.* (6th Cir., 1902), 118 Fed. 965, wherein Standard was held descriptive of scales and could not be appropriated as a trademark; *Hiram Walker & Sons, Inc. v. Penn-Maryland Corporation* (2nd Cir., 1935), 79 F. 2d 836, wherein Imperial was held descriptive of whisky and incapable of being a valid technical trademark; *Royal Silver Mfg. Co. Inc. v. National Silver Co., et al.* (D. C. S. D. N. Y., 1945), 61 Fed. Supp. 232, wherein Royal was held descriptive of silverware and not capable of adoption as a technical trademark.

It is, therefore, the position of appellant that the word Wonder is descriptive in the same manner as Imperial, Standard and Royal, having a well established meaning descriptive of chairs. Wonder being descriptive is incapable of being a valid technical trademark. Only by proof of acquisition of a secondary meaning can appellee establish any proprietary interest in the word and no effort was made to establish any such meaning.

#### **B. Scope to Which the Mark Is Entitled.**

Assuming that this Court disagrees with appellants' contention that the trademark Wonder Chair is invalid it is submitted that the trademark is a weak mark and as such is limited to enforcement against use of the identical mark on the identical goods moving through the same channels of trade. See *Sunbeam Lighting Co. v. Sunbeam*

*Corporation* (9th Cir., 1950), 183 F. 2d 969, and *Sunbeam Furniture Corp. v. Sunbeam Corp.* (9th Cir., 1951), 191 F. 2d 141, wherein this Court held *Sunbeam* to constitute such a mark and so restricted its enforcement. In the latter case this Court stated at page 144:

“We reaffirm the principal that the use of a distinctive or fanciful mark or name will be broadly protected, but non-fanciful words or names which have been applied to and used and registered as trademarks for a large number and variety of products by numerous manufacturers, ordinarily will be narrowly protected. *Philco Corp. v. F. & B. Mfg. Co.*, 7 Cir. 1948, 170 F. 2d 958, 961, certiorari denied, 336 U. S. 945, 69 S. Ct. 813, 93 L. Ed. 1102. The change wrought by the 1946 Trademark Act on Title 15 U. S. C. A. § 1114(1), Act of July 5, 1946, c. 540, Title VI, § 32, 60 Stat. 437, does not ‘stifle all excursions into adjacent markets \* \* \*.’ *S. C. Johnson & Son v. Johnson*, 2 Cir. 1949, 175 F. 2d 176, 180, certiorari denied 338 U. S. 860, 70 S. Ct. 103. The differentiation is made between ‘strong’ and ‘weak’ marks based upon whether the word sought to be protected is general or fanciful.”

In the present case a similar situation is presented. Defendants’ Exhibits C and D are illustrative of concurrent uses and registrations of the word Wonder. The trademark office does not conclude that appellee is entitled to exclusive appropriation of the word Wonder in class 32, Furniture and Upholstery, as evidenced by the concurrent registrations in Exhibit D. The nature of appellee’s products can be determined from its advertisements, Exhibits 6, 7, 8, 9 and 10. The nature of appellants’ goods may be determined from Exhibits 13, 14, 15, 16, 17, 18 and 20 as well as A and E. Obviously they are not

identical although falling within the same general classification in furniture.

Appellants' products are defined as follows by the witness Charles Kunzelman:

"A. Our product is a substitute for a box spring and a mattress. It is a box spring and a mattress, with a mechanism attached to the underside of the box spring, in a box, which box does not show when the bed is made up; and this, as I previously mentioned, we can make this in any bed size: twin size, full size, queen size, king size, or special sizes. And it can either be on casters, as a Hollywood bed, or it can be put into a regular bedstead, as pictured on this particular brochure, or in front of a headboard. In other words, it can be used any way that a box spring and a mattress can be used. And it is electrically controlled with two motors; one actuates the foot, and one actuates the head. So that a person lying in bed can actuate it and move it into any position he desires. It goes into all of the positions of a hospital bed, and can, therefore, change your bed to a reading position, looking at television, resting in bed, having the feet up, or anything that you want, for your comfort or for your health.

Q. Does that device described in that brochure, or the device you sell, ever assume the position of a chair. A. No, it does not.

Q. Always a bed? A. It is always a bed.

Q. Is that device ever upholstered? A. No, sir; it always comes covered with a mattress ticking, the same as any mattress or any bedstead.

Q. So that the manner in which you sell the device, it looks from outward appearances just like a mattress and box spring? A. Like a mattress and box spring and frame, yes; that is what it looks like.

Q. Is anyone else, to your knowledge, making a device of similar characteristics? A. No, we were unique. The only thing it could be likened to is a hospital bed, except the hospital bed looks differently, whereas this can be used in the home and looks no different than an ordinary box spring and mattress. But there is nothing of that nature that has ever been on the market before.

Q. To your knowledge? A. Yes, that is right. This product is unique.”

The product involved is expensive [see Exhibit F—a price list]. It is not sold over the counter but is custom made. Only once has a sale been made from the floor of appellants’ place of business [R65-66]. A normal sale consists of an order being placed with appellants who then construct precisely what is ordered [R68-69]. The minimum price for one of appellants’ products is \$269.50. The channels of trade are entirely different, consequently, under the doctrine of the Sunbeam cases *supra*, appellee’s trademark is not entitled to sufficient scope to include therewithin appellants’ activities.

### C. Infringement.

The evidence establishes that appellee utilizes as its trademark “Bell Wonder Chair.” Appellee’s witness Harold John Miller testified on pages 151 and 152 of the record as follows:

“Q. That is the only item you put out with the trade-mark ‘Wonder Chair’ on it? A. Yes.

Q. Showing you new Plaintiff’s Exhibit 9 and specifically page 2 thereof, I direct your attention to the phrase, at the top of the page, which says, “The Bell Wonder Chair-Bed.” A. Yes.



Q. Is that item the one in front of us? A. Yes —different style.

Q. Is this the manner in which the trade-mark appears on the label on that device? A. No, I think it says, "Bell Wonder Chair." It is on the panel, here.

Q. Would you locate it for me, please? A. Yes. It is on the panel (stepping down from the witness stand and indicating).

Q. 'The Wonder Chair?' A. 'The Wonder Chair.'

Q. That is the manner in which you presently use the trade-mark; is that correct? A. Yes.

Q. How long have you used it in that format? A. For many years, to my knowledge .

Q. As long as you can remember? A. I would have to think. As far as I know, we have used that for quite a while (witness resuming the witness stand).

Q. You testified, I believe, that you have been with the organization for 15 years? A. Yes.

Q. Has it been used in that form for 15 years? A. As far as I know, it was .

Q. The word 'Bell' has always been superimposed above the word 'Wonder Chair?' A. I believe so.

Q. The wand is always stuck through with the stars on the end of it? A. Not always.

Q. Not always? A. I mean, now it is, but I don't know over the 15 year period.

Q. But you do know the word 'Bell' was always superimposed above the word 'Wonder?' A. I said I imagine. I know it is now."

See also Exhibit 9 which is typical of the use of the trademark.

The evidence establishes that appellants utilize as their trademark "Sleeper Lounge" [R69]. See Exhibits G and H. See 15 USC 1127 which defines a trademark. At one time appellants circulated advertisements such as Exhibits 16, 17 and 18 and utilized labels such as Exhibit C wherein the descriptive phrase "the Wonder Bed" was positioned below the trademark "Sleeper Lounge." The use of this phrase was entirely innocent and without any knowledge of appellee's asserted trademark [R72, 73]. This particular format was utilized for a short period of time and discontinued in August or September, 1955, in favor of advertisements of the type exemplified by Exhibit A, from which the word Wonder has been deleted [R74].

Viewing the situation in the most disadvantageous manner to appellants, the most that can be said is during the period in question appellants were using a combination mark, *i. e.*, "Sleeper Lounge the Wonder Bed." Viewing the case from this light the trial court erred in failing to apply the proper test to ascertain infringement. The trial court should look at the mark as a whole. If viewed in this manner the only similarity between "Bell Wonder Chair" and "Sleeper Lounge the Wonder Bed" resides in the descriptive word Wonder and no infringement exists. See *Judson Dunaway Corp. v. Hygienic Products Co.* (1st Cir., 1949), 178 F. 2d 461. See also Callmann *Unfair Competition and Trade-Marks*, 2nd Ed. Vol. 3, pages 1436-1437.

There is nothing in the record to establish Wonder as the dominant portion of the composite mark, indeed, the word Bell would appear to be.

It is appellants' further contention, however, that the word Wonder at no time formed a portion of its trade-

mark but was part of the descriptive phraseology utilized to describe appellants' products (15 USC 1127). It is well settled that where a party adopts a descriptive word as a trademark he cannot complain of another party using the same word in its descriptive sense. See *Hygrade Food Products Corp. v. H. D. Lee Mercantile Co.* (D. C. S. D. Kansas, 1st Div., 1930), 37 F. 2d 900, wherein it was stated:

“\* \* \* as plaintiff's trade-mark as registered consists of a descriptive term, it is quite well settled plaintiff cannot by such means obtain a right to the exclusive use or a monopoly of the term because of the fact it is registered as a trade-mark.”

Again, in *Bliss Fabyan & Co. v. Aileen Mills, Inc.*, 25 F. 2d 370, 372, it was said:

“\* \* \* It is settled beyond all controversy that a manufacturer has no right to the exclusive use of a descriptive word in connection with his goods and if nevertheless he adopts such a trade-mark, he, himself is largely to blame for the confusion which ensues when other manufacturers, with equal right, adopt similar terms to describe their products.”

Again, in *Spicer v. W. H. Bull Medicine Co.*, 49 F. 2d 980, quoting with approval *Kellogg Toasted Corn Flakes Co. v. Quaker Oats Co.*, 235 Fed. 657:

“Where a manufacturer establishes in a descriptive word a secondary meaning as indicating his goods, he is entitled as against another only to such protection as will prevent such other from using that term to pass off his goods as those of the original appropriator.” (p. 982.)

It is also well established that where a trademark is of such a nature that it can be used in a descriptive sense

that the use of the name must be in such a manner as is calculated to mislead the public before infringement exists and that a descriptive use of the word, even though it is someone else's trademark, is free to any merchant to use. In *Thaddeus Davids Company v. Davids*, 233 U. S. 461, 34 S. Ct. 648, 58 L. Ed. 1046, the Supreme Court said:

“In the case, therefore, of marks consisting of names or terms having a double significance, and being susceptible of legitimate uses with respect to their primary sense, the reproduction, copy, or imitation which constitutes infringement must be such as is calculated to mislead the public with respect to the origin or ownership of the goods, and thus to invade the right of the registrant to the use of the name or term as a designation of his merchandise.  
\* \* \*” (p. 470.)

In *Hunter v. F. Hoffman & Sons*, 29 F. 2d 799, it was held that:

“Appellant, therefore, having adopted a descriptive word, cannot be accorded that broad protection which would prevent others from using in other relations the same descriptive term.” (p. 800.)

In *Prestonettes, Inc. v. Coty*, 264 U. S. 359, 68 L. Ed. 731, the Supreme Court said:

“A trademark gives the right to prohibit the use of it so far as to protect the owner's good will against the sale of another's product as his. \* \* \*  
When the mark is used in a way that does not deceive the public, we see no such sanctity in the word as to prevent its being used to tell the truth.  
\* \* \*” (p. 368.)

In *Hygrade Food Products Corp. v. H. D. Lee Mercantile Co.*, *supra*, the court said, quoting with approval *Kann et al. v. Diamond Steel Co.*, 89 Fed. 706:

“\* \* \* in all cases where a trade-mark is imitated, the essence of the wrong consists in the sale of the goods of one manufacturer or vendor as those of another, and it is only when this false representation is directly or indirectly made, and only to the extent to which it is made, that the party who appeals to the justice of the court can have a title to relief.’” (37 F. 2d 901.)

Again, in *Warner & Company v. Lilly & Company*, 265 U. S. 526, 68 L. Ed. 1161, Mr. Justice Sutherland, delivering the opinion of the Court said:

“\* \* \* The use of a similar name by another to truthfully describe his own product does not constitute a legal or moral wrong, even if its effect be to cause the public to mistake the origin or ownership of the product. \* \* \*” (p. 528.)

An investigation of appellants' labels, Exhibit B and advertisements, Exhibits 16, 17 and 18, establishes that two subsidiary descriptive phrases are found beneath the trademark Sleeper Lounge (1) The Wonder Bed; (2) The Bed of Tomorrow for your Comfort today.

Thus the trial court erred in determining precisely what the trademarks of the respective parties were secondly in applying the appropriate test of infringement and thirdly in recognizing that any trader is free to utilize a descriptive term in its descriptive sense. No actual confusion exists [R76, 77, 78, 98, 158, 159]. The trial court improperly determined the legal standards for finding the existence of a likelihood of confusion and

failed to apply the proper legal standards for such a determination.

Since determination of confusing similarity is based solely upon the marks themselves in this case the Court of Appeals can determine this issue on appeal without necessity of remand. See *Miles Shoe, Inc. v. R. H. Macy & Co., Inc.* (2 Cir., 1952), 199 F. 2d 602, wherein the court stated:

“ . . . Where the question of confusing similarity is based solely on the marks themselves, this court has said that: ‘\* \* \* we are in as good a position as the trial judge to determine the probability of confusion’ . . . .”

In *McCormick & Co., Inc. v. B. Manischewitz Co.* (6th Cir., 1953), 206 F. 2d 744, the court holds at page 746:

“ . . . It also follows that while extrinsic facts are significant, the likelihood of confusion may as readily be perceived by a reviewing court upon visual comparison as by a court of first instance, unless extrinsic facts compel determination one way or the other.”

See also:

*Best & Co. v. Miller* (2d Cir., 1948), 167 F. 2d 374 and

*California Fruit Growers Exchange v. Sunkist Baking Co.* (7th Cir., 1948), 166 F. 2d 971.

#### D. Incontestability of Appellee's Mark.

Before the trial court appellee relied heavily upon the fact that its trademark had become “incontestable,” pursuant to 15 USC 1065, with the resulting consequences set forth in 15 USC 115(b).

The Trademark Act includes several important exceptions, thus in 15 USC 1065(4) it is provided:

“(4) no incontestable right shall be acquired in a mark or trade name which is the common descriptive name of any article or substance, patented or otherwise.”

Consequently, if this Court finds the word Wonder descriptive “incontestability” is of no consequence in this case. 15 USC 1115(b) provides in part:

“(b) If the right to use the registered mark has become incontestable under section 15 hereof, the certificate shall be conclusive evidence of the registrant’s exclusive right to use the registered mark in commerce on or in connection with the goods or services *specified in the certificate* subject to any conditions or limitations stated therein except when one of the following defenses or defects is established:” (Emphasis added.)

Here the goods specified in the certificate are reclining chairs and convertible chair beds. Appellants do not manufacture either of these but manufacture a bed or more precisely a mechanized substitute for a box spring and mattress [R 63, 64]. Hence “incontestability” is of no significance in this case. 15 U S C 1115(b) further provides:

“(b)(4) That the use of the name, term, or device charged to be an infringement is a use, otherwise than as a trade or service mark, of the party’s individual name in his own business, or of the individual name of anyone in privity with such party, or of a term or device which is descriptive of and used fairly and in good faith only to describe to users the goods or services of such party, or their geographic origin; . . . .”

“Wonder” as utilized by appellants is used in a descriptive sense as heretofore discussed and hence is within the express exception provided in the Statute.

In addition to the three reasons why the incontestability provisions of the Lanham Act of 1946 is inapplicable, it is submitted even if such provisions of the Act were applicable their effect would not be to expand appellee’s substantive rights.

Prior to the passage of the Lanham Act in 1946 it was well established that registration of a trademark in the Patent Office provided no substantive rights, merely procedural advantages. Thus Section 16 of the Act of 1905, Title 15 USC 96, provides that the registration of a trademark shall be *prima facie* evidence of ownership of the mark. This law is continued in Section 33(a) of the Act of 1946. It has long been debated whether the effect of the Lanham Act in 1946 was to change this well established rule. The question seems adequately answered by the Eighth Circuit Court of Appeals in *Brown & Bigelow v. B. B. Pen Co.*, 191 F. 2d 939, decided December 3, 1951, almost five years after passage of the Lanham Act:

“Neither plaintiff nor defendant has a registered trade-mark, either State or Federal, in the letters ‘B.B’ or ‘B. & B.’ That fact is not of great importance however, because as stated in *Griesedieck Western Brewery Co. v. Peoples Brewing Co.*, 8 Cir., 149 F. 2d 1019, 1022, ‘\* \* \* the mere registration of a trade-mark does not in itself confer any greater rights than existed at common law without registration.’ Or as stated in *Best & Co. v. Miller*, 2 Cir., 167 F. 2d 374, 376, ‘\* \* \* regis-



tration of a trade-mark confers only procedural advantages and does not enlarge the registrant's substantive rights.' ” (p. 942.)

It has been argued previously, as in the present case, that Sections 15 and 33 of the Lanham Act concerning “incontestable” rights in effect changed the law to provide substantive rights not heretofore available to a trademark owner. It has been well established law since the beginning of our system of jurisprudence that rights in a trademark are acquired through use on goods moving in commerce. Registration has merely been desirable to obtain certain procedural advantages such as, for example, the right to bring suit in a federal court under Title 28, Section 1338(a) and the presumption of ownership of the mark that has been registered. When the “incontestability” provision was suggested, numerous safeguards were inserted into the statute to avoid changing the previous law such as, for example, Section 15 has four limiting situations wherein incontestable rights cannot be obtained. Section 33 of the Act contains seven different defenses to the question of incontestability. When all of these bars and defenses to the incontestability provision are put together, it is felt that little, if anything, is left. It is difficult to imagine any set of circumstances under which the fact that a mark is “incontestable” has any bearing or any application in an infringement action. Thus it has no effect where the mark in issue is descriptive or the use of the mark in issue is as a description term. “Incontestability” is meaningless when the user adopted his mark without knowledge of the registrant's prior use prior to the date of publication. It is meaningless where the asserted infringing mark was registered and used prior to publication of the mark. Thus, it would appear

that “incontestability” when finally analyzed means that the *registrant’s right to use the trademark* in question is incontestable and it has no application in an infringement action. The Act means by “incontestability” that no one can challenge the registrant’s right to use the trademark he has registered. The Act does not give a registrant any greater rights by virtue of incontestability than he previously had under the common law when registrant endeavors to protect his trademark. It does not entitle the registrant to a broader scope of protection. This fact has been clearly brought out in the only decision that defendants have been able to find defining the effect of the “incontestability” features of the Lanham Act. Thus in *Rand McNally & Co. v. Christmas Club*, June 14, 1955, 105 USPQ 499, the Assistant Commissioner of Patents, Leeds, stated the opinion of the Patent Office concerning the effect of these provisions. Leeds is the married name of Daphne Robert, whose text “The New Trade-Mark Manual” is probably the most authoritative text on the Lanham Act and its meaning. The then Miss Robert is generally recognized as the author of the Lanham Act. With this background, the opinion of Daphne Robert Leeds, now Assistant Commissioner of Patents in charge of the Trademark Division, has additional persuasive force. In this opinion it was stated:

“These statements seem to reflect a misconception of the effect of a registration of a mark, the right to the use of which has become incontestable. The effect of ‘incontestability’ is a defensive and not an offensive effect. To put it another way, when the right to use a given mark has become incontestable, the owner’s rights in the mark are in no wise broadened, but he is free from challenges of his right to continue to use the mark to identify and

distinguish the goods recited in the registration, subject only to the defenses and defects enumerated in Section 33(b) of the statute. In the present case if respondent's right to use its mark to identify and distinguish its periodical becomes incontestable, the petitioner's rights will not be adversely affected, nor will the scope of respondent's rights be expanded. Petitioner may continue to do that which it has been doing. Both parties may continue to use the term 'Christmas Club,' in its primary sense, as the name of their Christmas savings plans, and to distribute supplies and promotion material bearing 'Christmas Club' as the identification of the plan. In addition, respondent may continue to use the mark 'Christmas Club' to identify and distinguish its periodical from periodicals of others, and it may retain its registration for a periodical. Acquisition of an incontestable right to use the mark on a periodical as a result of the filing of an affidavit in accordance with Section 15 will not provide respondent with an 'offensive weapon' of any greater magnitude than that which it has had since the registration issued in 1927." (pp. 500-501.)

Thus, it is to be noted that the drafter of the Lanham Act has defined the "incontestability" provisions as providing no offensive effect. It merely prevents someone from challenging the use of the mark by the registrant. In this present case the plaintiff is endeavoring to use the "incontestability" of its mark as an offensive weapon, claiming far greater rights than it would have had at common law.

It is, therefore, submitted that the use by appellants of the word Wonder is in a descriptive sense and does not in any way encroach upon any rights appellee may have.

Any possibility of confusion is a result of appellee's poor choice of a trademark. *Warner & Company v. Lilly & Company*, 265 U. S. 526, 68 L. Ed. 1161.

### E. The Award of Damages.

The trial court awarded \$1,000.00 damages. How this figure was determined is unknown. There is no support therefor in the Findings of Fact or Conclusions of Law. The figure has no relationship whatsoever to any evidence. There was no attempt to prove actual damage at the trial [R76, 98, 158, 159]. Although the law of damages is not as precise a science as may be desired, it is still not a wild guessing game. An award of damages must bear some relationship to the evidence establishing the existence of damage. Damages in a trademark case are determined in accordance with Section 35 of the Act of 1946, 15 USC 1117. According to Daphne Robert, in her text "The New Trademark Manual" at page 218, gives three requisites to the assessment of damages:

"There appear to be three requisites in the assessment of damages:

(1) actual damage must have been sustained by the plaintiff;

(2) the damage must have been the natural and proximate result of the defendant's acts, and

(3) the unfair acts of the defendant must have been intentional."

The evidence in this case establishes no actual damage sustained by plaintiff. The record was completely absent of even an effort to prove damages in this case. Not one element of loss to the plaintiff was even attempted to be established.

Secondly, the record is completely void of any showing whatsoever that any damage, which theoretically might have been sustained, was an actual and proximate result of the defendants' acts. No effort has ever been made to establish this casual connection. Thirdly, there is no showing to the effect that the defendants' acts were intentional. Defendants were completely unaware of the existence of plaintiff's mark or his claim of any rights to the words "Wonder Chair" at the time involved. Indeed, shortly after the filing of this action the defendants ceased all use of the word "wonder" or any related terminology. Under these circumstances the mere use for a period of a few months in an advertisement and on their labels has not been established as deliberate infringement and wanton and willful disregard of plaintiff's rights. Defendants at all times acted innocently and even though they still do not believe they have in any way violated the rights of plaintiff, they have terminated any conduct which in any way could be asserted to have been an infringement of plaintiff's mark. The law is well established that the mere fact that the Court finds a trademark to have been infringed does not mean that an accounting of damages will be ordered. It is only under very special circumstances that an award of damages is appropriate in a trademark case. As set forth by the Supreme Court in *Champion Spark Plug Co. v. Sanders* (1946), 91 L. Ed. 1386, 1391:

"Mishawaka Rubber & Woolen Mfg. Co. v. S. S. Kresge Co. 316 US 203, 86 L ed 1381, 62 S Ct. 1022, states the rule governing an accounting of profits where a trade mark has been infringed and where there is a basis for finding damage to the plaintiff and profit to the infringer. But it does not stand for the proposition that an accounting will be or-

dered merely because there has been an infringement. Under the Trade Mark Act of (February 20) 1905, as under its predecessors, an accounting has been denied where an injunction will satisfy the equities of the case. *Saxlehner v. Siegel-Cooper Co.* 179 US 42, 45 L ed 77, 21 S Ct 16; *J. G. Rowley Co. v. Rowley* (CCA 3d) 193 F 390, 393; *Middleby-Marshall Oven Co. v. Williams Oven Mfg. Co.* (CCA 2d) 12 F 2d 919, 921; *Golden West Brewing Co. v. Milonas & Sons* (CCA 9th Cal) 104 F 2d 880, 882; *Hemmeter Cigar Co. v. Congress Cigar Co.* (CCA 6th Mich) 118 F 2d 64, 71, 72; *Durable Toy & Novelty Corp. v. J. Chein & Co.* (CCA 2d NY) 133 F 2d 853, 855. The same is true in case of unfair competition. *Straus v. Notaseme Hosiery Co.* 240 US 179, 181, 183, 60 L ed 590, 592, 593, 36 S Ct 288. Here, as we have noted, there has been no showing of fraud or palming off. For several years respondents apparently endeavored to comply with a cease and desist order of the Federal Trade Commission requiring them to place on the plugs and on the cartons a label revealing that the plugs were used or secondhand. Moreover, as stated by the Circuit Court of Appeals, the likelihood of damage to petitioner or profit to respondents due to any misrepresentation seems slight. In view of these various circumstances it seems to us that the injunction will satisfy the equities of the case. "Affirmed."

In other words, the Supreme Court states where an injunction will clearly satisfy the protection of the plaintiffs interests, an award of damages is inappropriate. It is submitted this is the same case as presented here. The Court has determined defendants have infringed. An injunction terminates any possibility of future infringement. There is no showing of any damages what-

soever in the record. It is felt this is a case completely inappropriate for an accounting of damages. This is the standard practice in trademark cases. An award of damages in a trademark case is an abnormal thing. The great majority of cases terminate upon the issuance of an injunction. See for example *Gemex Co. v. J. & K. Sales Co.*, 76 Fed. Supp. 150; and *Bunte Bros. v. Standard Chocolates*, D. C. Mass. 1942, 45 Fed. Supp. 478, which are offered merely as representative of decisions of this type. Consequently, in summary, it is felt that the award of \$1,000.00 damages should be stricken. The granting of damages in a case of this type is against the standard and adopted practice. It is only in a case where the three elements above outlined exist that an award of damages is appropriate. There is no proof of actual damage; there is no effort to prove actual damage and no showing that the acts of defendants were willful, deliberate, fraudulent, etc., invasion of plaintiff's trademark. Callmann, who is accepted as a leading text writer on the subject, in his text "Unfair Competition and Trade-Marks," Callmann 2d Edition, has the following statements to make concerning the awarding of damages, pages 1861 and 1862:

"If the defendant's unfair competition did not divert sales from the plaintiff, the courts refuse to order an accounting. This result is inevitable when there can be no such diversion of sales because the parties were not in competition and when the defendant's profits are unconnected with his unfair competition. And similarly, when the plaintiff trade-mark owner had transferred to another those rights from the exercise of which the profits arose, or when the account is sought solely to determine compensation on the basis of unjust enrichment, an

order for an accounting will be properly denied. To recover the infringer's profits the trade-mark owner need not establish that the parties compete in same market, nor will recovery be denied because one party sells gin and the other whiskey; such goods compete in the same general field and the sales of one may well have an appreciable effect upon the sales of the other. But the contention that there was no confusion of goods and, therefore, no passing off, should be differently considered, for this goes to the merits of the case. Where the confusing similarity of trade-marks is the exclusive issue an account is properly refused. Decisions hold that an accounting cannot be granted where there is no evidence of actual confusion and diversion of sales from the plaintiff."

and also on page 1868 wherein the author states:

"Damages are not recoverable nor, according to the weight of authority, is the right to an accounting of profits available in an action for unfair competition except upon proof of the defendant's wrongful intent. Thus in a trade-mark case 'there can be no recovery unless the court is satisfied that there has been an intent on the part of defendants to palm off their goods as plaintiff's' The malicious intent without resulting injury does not warrant recovery."

Again, the author states on pages 1870 and 1871:

"If the defendant reasonably believes, or has been informed by experts, that he is not violating the plaintiff's rights or that the plaintiff does not have the right he claims, knowledge thereof, whether acquired at the outset or after an innocent beginning, e. g., through notice or suit, does not import knowledge of unlawfulness."



Thus the award of damages should be reversed for two reasons. First, this is not an appropriate case for such an award, appellants having acted innocently and second, the \$1,000.00 awarded is completely unsupported by the evidence or by the Findings of Fact and Conclusions of Law.

#### F. The award of \$500.00 Attorneys' Fees.

Attorneys' fees *per se* cannot be awarded in a trademark case.

It is well established that a Court has no authority to grant counsel fees except where a statute expressly provides. There is no authority in the Lanham Act for the granting of attorneys' fees. The law concerning the awarding of attorneys' fees is well summarized in Callmann in "Unfair Competition and Trade-Marks," 2d Edition, page 1902, wherein this recognized authority in the field states:

"Accordingly, both in federal and state courts, it is well established in law and almost uniformly settled in equity that counsel fees can not be recovered. Exceptions are carved by statute in copyright and patent cases where the court *may* allow reasonable attorney fees to the prevailing party, and an exception may be recognized if there is an agreement to the contrary, or statutory sanction, e.g., where costs are recoverable in specific cases. This has been allowed in actions to enforce orders of the Interstate Commerce Commission, and in suits based on violation of the anti-trust laws. But counsel fees incurred by the plaintiff in an action for trademark infringement are not recoverable."

The courts have also stated in trademark cases that attorney's fees are not recoverable. See *Gold Dust Cor-*

*poration v. Hoffenberg* (2 Cir., 1937), 87 F. 2d 451, wherein the Court states at page 453:

“Both in federal and state courts it is established in actions at law and almost uniformly settled in equity cases that counsel fees may not be recovered. *Oelrichs v. Spain*, *supra*. See *Marks v. Leo Feist, Inc.*, *supra*. Exceptions are made if authorized by statute (see, for example, 1 N. J. Comp. Stat. 1910, p. 445, § 91; *Diocese v. Toman* (N. J. Ch.) 70 A. 881), as where costs are made recoverable in specific types of cases.”

See also *United Pac. Ins. Co. v. Northwestern Nat. Ins. Co.* (10 Cir., 1950), 185 F. 2d 443, wherein the Court stated page 448:

“The right to recover attorney’s fees as part of the the cost of an action did not exist at common law. In the absence of an agreement, the right thereto is purely statutory.”

In those cases where attorneys’ fees have been awarded as part of punitive damages the elements warranting an award of punitive damages were present. Here the Findings of Fact and Conclusions of Law do not support such an award. Again, this Court’s attention is drawn to the fact that appellants were unaware of appellee’s asserted rights at the time the word Wonder was utilized [R72, 73] and ceased utilizing the word shortly after this suit was commenced [R74].

In conclusion it is respectfully submitted that the Trial Court erred in the following respects:

(1) Concluding that the trademark “Wonder Chair” is arbitrary and distinctive and constituted a valid technical trademark. To the contrary, the Court should have

determined that mark "Wonder Chair" is descriptive and incapable of becoming a valid trademark in the absence of proof of secondary meaning, there being no effort to prove the existence of a secondary meaning.

(2) Concluding that "Wonder Chair" was a strong trademark and entitled to a broad scope of protection. To the contrary, the Trial Court should have concluded that "Wonder Chair" if valid at all, was a weak mark entitled to extremely limited protection and was entitled to no protection in the present instance, that the mark used by appellants is entirely different in sound, meaning and appearance, that it is used on different goods moving in entirely different channels of trade, that is, where the goods are custom made at appellants' place of business in accordance with customer's requirements.

(3) Concluding that appellants use of the word "Wonder" constituted an infringement of appellee's rights. To the contrary, the Court should have concluded that appellants' use of the word "Wonder" was descriptive and did not constitute a trademark use of the phrase. The Trial Court should have determined precisely what the marks of the respective parties were and comparing same as a whole should have determined that appellants' trademark "SLEEPER LOUNGE" or "SLEEPER LOUNGE THE WONDER BED" cannot in any sense constitute an infringement of appellee's trademark "BELL WONDER CHAIR" or "WONDER CHAIR."

(4) The award of damages and award of attorneys' fees in this case are contrary to all legal standards set up by the Courts. In both instances the award of any amount is contrary to law, there being no proof in the

record to support the fact of damage let alone the amount thereof, and of course, the award of attorneys' fees *per se* is not permissive in a case of this type.

It is, therefore, respectfully submitted that the Trial Court should be reversed in all respects.

SLEEPER LOUNGE COMPANY, *et al.*,  
*Appellants.*

LYON & LYON,  
By R. DOUGLAS LYON,  
*Their Attorneys.*